

PUBLIC DISCLOSURE

May 29, 2013

**Mortgage Lender CRA
PERFORMANCE EVALUATION**

PROVIDENT FUNDING GROUP, INC.

**851 TRAEGER AVENUE, SUITE 100
SAN BRUNO, CA 94066**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.
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GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **Provident Funding Group, Inc. (Provident Funding)** prepared by the Division, the mortgage lender's supervisory agency, as of **May 29, 2013**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by 209 CMR 54.00. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of Provident Funding's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

Provident Funding's community investment performance is evaluated utilizing two performance tests: the Lending Test and the Service Test. This evaluation considered Provident Funding's lending and community development activities for the period of January 1, 2011 through December 31, 2012. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2011 and 2012 is presented in the geographic distribution, lending to borrowers of different incomes, and the Minority Application Flow tables. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all Home Mortgage Disclosure Act (HMDA) reporting lenders which originated loans in the Commonwealth of Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in-depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Needs to Improve."

- The distribution of borrowers, given the demographics of Massachusetts and the performance of the aggregate, does not meet the standards for satisfactory performance in serving the credit need among individuals of different income levels, including low- and moderate-income.
- The geographic distribution of the lender's loans does not meet the standards for satisfactory performance in low- and moderate-income census tracts.
- Provident Funding offers a minimal number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low-and moderate-income individuals.
- Fair lending policies and practices are considered adequate.
- Provident Funding's efforts are adequate in working with delinquent mortgage loan borrowers to facilitate a successful resolution of delinquencies, including loan modifications which are effective in preventing subsequent defaults or foreclosures.
- There were no community development services or qualified investments identified during the examination period.

PERFORMANCE CONTEXT

Description of Mortgage Lender

Provident Funding Group, Inc. was incorporated as a subchapter "S" corporation in California on October 30, 1991, and was granted a mortgage lender license by the Division on January 5, 1999 and a Loan Servicer Registration on March 14, 2005. Provident Funding Group, Inc. is headquartered at 851 Traeger Avenue in San Bruno, California and operates seven branch offices including one in Woburn, Massachusetts.

In 2011, Provident Funding operated in 35 states including Massachusetts. In 2012, Provident Funding Group converted its license from Provident Funding Group to Provident Funding Associates, L.P. In 2012, Provident Funding Group operated in 6 states including Massachusetts.

The lender's business focuses on both the wholesale and retail origination channels. Business in Massachusetts is generated primarily from a network of licensed mortgage brokers. The Woburn branch oversees the lender's wholesale lending activities in Massachusetts, Maine, Vermont and Rhode Island.

Provident Funding received Fannie Mae seller servicer approval on December 18, 1997 and FHLMC approval on November 5, 1998. Provident Funding offers conventional fixed and adjustable rate "A" paper loan programs throughout its wholesale and retail origination channels. All closed loans are funded from the licensee's warehouse line of credit. Provident Funding sells the majority of its loans on the secondary market and retains the servicing on loans. In addition, Provident Funding purchases closed loans through correspondent channels.

Demographic Information

The Division's regulation 209 CMR 54.00 requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

2000 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,361	8.4	21.7	46.1	23.4	0.4
Population by Geography	6,349,097	5.8	20.5	47.6	26.0	0.1
Owner-Occupied Housing by Geography	1,508,248	1.6	12.8	54.0	31.6	0.0
Family Distribution by Income Level	1,587,537	20.5	17.7	22.3	39.5	0.0
Distribution of Low and Moderate Income Families Throughout AA Geographies	606,419	10.0	29.4	46.2	14.4	0.0
Median Family Income	\$65,318		Median Housing Value			\$202,268
Households Below Poverty Level	9.80%					

Source: Data Source: 2000 US Census

Based on 2000 Census data, the Commonwealth of Massachusetts has a total population of just over 6.3 million people and a total of 2.6 million housing units. Of the total housing units, 1.5 million or 57.5 percent are owner-occupied, 935,332 or 35.7 percent are rental-occupied, and 6.8 percent were vacant units.

There were 2.4 million households in the Commonwealth with a median household income of \$53,686 as of the 2000 Census. Over 40 percent of the households were classified as low- and moderate-income. In addition, 9.8 percent of the total number of households was living below the poverty level.

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.3	17.7	24.4	38.6	0.0
Distribution of Low and Moderate Income Families Throughout AA Geographies	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income	\$86,272		Median Housing Value		373,206	
Households Below Poverty Level	11.14%					
2012 HUD Adjusted Median Family Income	\$87,891		Unemployment Rate		6.7%**	

Source: Data Source: 2010 US Census

*as of 12/31/2012

Based on the 2010 Census the Commonwealth's population grew to just over 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Over 39 percent of the households are now classified as low- and moderate-income. In addition, over 11 percent of the total number of households is living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as 'families' grew from 1.5 million to slightly over 1.6 million from the 2000 Census to the 2010 Census. Of all family households in 2000, 20.5 percent were low income, 17.7 percent were moderate income, 22.3 percent were middle income, and 39.5 percent were upper income. The median family income according to the 2000 census was \$65,318. As of the 2010 Census, of all family households, 19.3 percent are low income, 17.7 percent are moderate income, 24.4 percent are middle income, and 38.6 percent are upper income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development ("HUD") adjusted median family income is \$87,891. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,361 Census tracts as of the 2000 Census. Of these, 114 or 8.4 percent were low-income; 295 or 21.7 percent were moderate-income; 628 or 46.1 percent were middle-income; 319 or 23.4 percent were upper-income; and 5 or 0.4 percent were NA or have no income designation. Based on the 2010 Census the number of Census tracts in the Commonwealth of Massachusetts grew to 1,474. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are

middle-income; 399 or 27.1 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$202,268 according to the 2000 Census. As of the 2010 Census the median housing value was \$373,206. The unemployment rate for the Commonwealth of Massachusetts as of December 31, 2012, stood at 6.7 percent which was a decrease from December 31, 2011 at 6.9 percent. During this time frame, May 2012 was the lowest unemployment rate within the year at 6.0 percent. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Provident Funding's Lending Test performance was rated an overall "Needs to Improve." Provident Funding's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Provident Funding.

I. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the lender is addressing the credit needs of the Commonwealth's residents.

Provident Funding has not met the standards for satisfactory performance in serving the mortgage credit needs among borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

Table 1 illustrates HMDA loan originations, categorized by borrower income level, reported by Provident Funding during 2011 and 2012, and compares this activity to the aggregate lending data (excluding Provident Funding) and the percentage of families by income level within the assessment area using the 2000 Census demographics (for the 2011 performance comparison) and compared with the percentage of families by income level using the 2010 Census demographics (for the 2012 performance comparison).

Table 1 Distribution of Home Mortgage Loans by Borrower Income Level								
Borrower Income Level	% of Total Families (2000 Census)	2011 Provident Funding		2011 Aggregate Lending Data (% of #)	% of Total Families (2010 Census)	2012 Provident Funding		2012 Aggregate Lending Data (% of #)
		#	%			#	%	
Low	20.5	75	2.5	5.4	19.3	71	1.9	5.2
Moderate	17.7	428	14.0	15.4	17.8	553	14.4	15.7
Middle	22.3	1018	33.5	22.2	24.4	1329	34.7	23.1
Upper	39.5	1520	49.9	41.3	38.5	1877	49.0	42.6
NA	0.0	1	0.1	15.7	0.0	0	0.0	13.4
Total	100.0	3,042	100.0	100.0	100.0	3,830	100.0	100.0

Source: 2011 HMDA Data and 2000 U.S Census, 2012 HMDA Data and 2010 U.S. Census

As shown in Table 1, Provident Funding's performance, in relation to the aggregate and percentage of families, for low-and moderate-income borrowers fell short in 2011 and further declined in 2012 with regard to low-income borrowers. There was a positive trend in loans to moderate-income borrowers in both number and percentage in 2012 but performance remained below the aggregate and the demographics in this category.

Market Share Reports for 2012 demonstrate that Provident Funding ranked 27th out of 532 lenders in lending to moderate-income borrowers in Massachusetts. The financial institutions ahead of Provident Funding in market share ranking for Massachusetts include large national banks and mortgage companies.

II Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Provident Funding is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income Census tracts.

The mortgage lender's distribution of lending in the Commonwealth when compared to the demographic and aggregate lending data did not meet the standards for satisfactory performance.

Table 2 summarizes the 2011 and 2012 home mortgage lending categorized by census tract income level. The lending activity is compared with the percent of owner-occupied housing units based on the 2000 and 2010 Census, and Provident Funding's home mortgage lending performance is further compared to aggregate lending performance.

Table 2 Distribution of Home Mortgage Loans by Census Tract Income Level								
Census Tract Income Level	% of Owner-Occupied Housing Units (2000 Census)	2011 Provident Funding		2011 Aggregate Lending Data (% of #)	2012 Provident Funding		2012 Aggregate Lending Data (% of #)	% of Owner-Occupied Housing Units (2010 Census)
		#	%		#	%		
Low	1.6	12	0.4	1.3	16	0.4	2.2	2.9
Moderate	12.8	151	4.9	10.2	161	4.2	10.2	13.7
Middle	54.0	1,165	38.3	49.0	1,385	36.2	45.2	48.9
Upper	31.6	1,712	56.3	39.4	2,268	59.2	42.3	34.5
N/A		2	0.1	0.1	0	0.0	0.1	0.0
Total	100.0	3,042	100.0	100.0	3,830	100.0	100.0	100.0

Source 2011 HMDA Data and 2000 U.S. Census/ 2012 HMDA Data/2010 U.S. Census

The mortgage lender's geographic distribution of loans was below the distribution of owner occupied housing units and the aggregate lending data in 2011 and 2012 in low-and moderate-income census tracts. Additionally, while aggregate and demographic data show increased opportunity and performance in low- and moderate-income census tracts, the Lender's performance, as a percentage of total loan originations, was steady or declined slightly.

III. Innovative or Flexible Lending Practices

Provident Funding offers a minimal number of flexible lending products which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Provident Funding's current product mix includes Freddie Mac and Fannie Mae (FNMC) loan products. All loans are originated under investor guidelines and requirements, and adhere to state legal requirements.

Provident Funding participates in the Home Affordable Modification Program (HAMP). HAMP is a federal government program designed to provide homeowners the opportunity to modify their loan to retain the home and make their loan more sustainable for the long term.

As of December 31, 2012, Provident Funding originated 35 Massachusetts loans under the HAMP program with a total dollar volume of \$7,747,435.64. Of these loans, 14 loans totaling \$2,104,063 in dollar volume were modified to low-income borrowers and 16 loans totaling \$4,126,450 in dollar volume were modified to moderate-income borrowers.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review. No evidence of disparate treatment was identified.

Provident Funding has established an adequate record relative to fair lending policies and practices. The Fair Lending policies and procedures apply to all residential mortgage transactions, products types, and geographies. The policy is enforced on both the retail and wholesale lines of business.

Fair Lending is further enforced through employee training courses. Provident Funding has established Provident Funding University (PFU). All operations and compliance personnel involved in the lending process are required to complete specific courses upon hire and also attend courses that provide updates to regulations throughout the year. PFU contains four modules of study; Mortgage 101, Underwriting, Funding, and Loan Servicing. The Mortgage 101 provides an overview of the fair lending laws and regulations.

With the majority of Provident Funding's Massachusetts business being generated through broker relationships, Provident Funding adequately oversees the performance of its third party relationships. Provident Funding has adequate controls in place for monitoring brokers involved in Provident Funding's wholesale lender transactions. Provident Funding utilizes a third party consultant to analyze quarterly data to identify loans and/or brokers that have originated loans with disparities in broker compensation on a legally prohibited basis. The results of this analysis are reviewed by the Chief Operating Officer (COO) and Policy and Procedures Manager.

Upon conclusion of the Fair Lending review, the Division's examination found no evidence of disparate treatment

MINORITY APPLICATION FLOW

For 2011 and 2012, Provident Funding received 9,814 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 2,800 or 28.5 percent were received from minority applicants, of which 2,153 or 76.8 percent resulted in originations. Provident Funding received 91 or 1.7 percent of HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area, of which 63 or 69.2 percent were originated.

For 2011 and 2012, the aggregate lenders received a total of 69,903 applications from racial minority applicants, of which 48,966 or 67.4 percent were originated. The aggregate received 26,199 from ethnic minority applicants of Hispanic origin, of which 16,478 or 62.8 percent were originated.

Compared to the aggregate performance, Provident Funding was above the percentage of originations to racial and ethnic minority applicants.

Demographic information for Massachusetts reveals that the total ethnic and racial minority population stood at 23.8 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.59 percent Hispanic or Latino racial minorities: 5.98 percent

Black; 5.33 percent Asian/Pacific Islander; 0.16 percent American Indian/Alaskan Native; and 2.81 percent identified as Other Race.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW						
RACE	2011 Aggregate Data	Provident Funding 2011		2012 Aggregate Data	Provident Funding 2012	
	%	Amt	%	%	Amt	%
American Indian/ Alaska Native	0.1	2	0.1	0.1	0	0.0
Asian	4.3	1,192	26.1	7.4	1,422	27.1
Black/ African American	1.9	26	0.5	0.7	22	0.4
Hawaiian/Pac Isl.	0.1	3	0.1	0.1	7	0.1
2 or more Minority	0.1	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	1.1	66	1.4	1.2	60	1.2
Total Minority	7.6	1,289	28.2	9.6	1,511	28.8
White	68.2	2,741	90.8	66.3	2,950	56.3
Race Not Available	24.2	543	2.3	24.1	780	14.9
Total	100.0	4,573	100.0	100.0	5,241	100.0
ETHNICITY						
Hispanic or Latino	2.1	21	0.5	3.3	30	0.5
Not Hispanic or Latino	73.0	3,832	96.9	71.8	4,223	80.6
Joint (Hisp/Lat /Not Hisp/Lat)	0.8	21	0.3	0.7	19	0.4
Ethnicity Not Available	24.1	699	2.3	24.2	969	18.5
Total	100.0	4,573	100.0	100.0	5,241	100.0

Source: PCI Corporation CRA Wiz, Data Source: 2000 U.S. Census Data, 2011 & 2012 HMDA Data

In 2011, Provident Funding's performance was above the aggregate's performance for racial minority applicants. The lender received 28.2 percent of its applications from racial minorities while the aggregate received 7.6 percent. The mortgage lender's performance was slightly below the aggregate for applications from ethnic minorities of Hispanic origin. Provident Funding received 0.8 percent of its applications from ethnic minorities while the aggregate received 2.9 percent. From 2011 to 2012, the percentage of racial and ethnic minority applicants increased.

As reflected in the above table, there were a high percentage of Asian minority applications in 2011 and 2012. The majority of Provident Funding's Massachusetts business is generated through broker relationships, where several broker relationships are situated near high minority geographic areas in the Commonwealth. A sample of loan files was reviewed for fair lending purposes and did not identify any discriminatory practices. Provident Funding adequately oversees the performance of its third party brokers through frequent monitoring and reviews for fair lending.

Overall, the minority application flow is considered reasonable.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Provident Funding by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual

mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. The CRA evaluation does not include a comprehensive review of all servicing practices. However, it was noted delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. The CRA examination did not include a comprehensive review of all mortgage loan servicing practices.

Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Provident Funding's Service Test performance was determined to be "Needs to Improve" at this time.

Mortgage Lending Services

Provident Funding provides an adequate level of mortgage lending services to low- and moderate-income geographies and borrowers through home purchase and refinance transactions in Massachusetts. Provident generates the majority of its applications through broker relationships. Also, customers can apply to Provident Funding for a mortgage over the telephone and via the company's website. Provident Funding has a branch office in Woburn, Massachusetts and has 6 other branch locations licensed to conduct Massachusetts business in Tustin, California, Pittsburgh, Pennsylvania, West Hartford, Connecticut, Santa Rosa, California, Los Angeles, California and Schaumburg, Illinois.

Provident Funding has an internal Loan Servicing Department and services loans that are sold to investors with servicing rights retained. The function of the servicing department is to collect timely mortgage payments and provide loss mitigation efforts. Loan Servicing and Loss Mitigation services are offered via the telephone, internet, direct mail and in person to all borrower income levels and geographies.

Provident Funding demonstrates the ability to work with delinquent home mortgage borrowers through its internal loss mitigation department. Provident Funding uses a waterfall approach to determine the best course of action for borrowers facing foreclosure or in delinquency. The loss mitigation options available include: short term forbearance agreements or long term repayment plans, short sales, deed in lieu of foreclosure, and loan modifications. Loan modifications available to borrowers include: the HAMP, capitalizing delinquent payments, extending the repayment term, or converting the loan from an adjustable rate mortgage loan to a fixed rate loan.

The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the mortgage lender provides an effective delivery of mortgage lending services throughout the Commonwealth and the lender demonstrates the ability to work with delinquent borrowers to facilitate a resolution of delinquency.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services.

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

There were no community development services identified during the examination period. Provident Funding does not participate in any community development services throughout Massachusetts.

Strong focus and pro-active commitment on the part of management should be employed in community development activities that meet the definition of community development under the CRA regulation.

Qualified Investments

A Qualified Investment for the purposes of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

Provident Funding does not currently engage in any qualified community development investments that benefit the Commonwealth of Massachusetts.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.